

BREMER COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

BREMER COUNTY, IOWA

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BREMER COUNTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steven Reuter	Board of Supervisors	January 2013
Ken Kammeyer	Board of Supervisors	January 2013
Tim Neil	Board of Supervisors	January 2015
Shelley Wolf	County Auditor	January 2013
Sue Shonka	County Treasurer	January 2015
Donna Ellison	County Recorder	January 2015
Duane Hildebrandt	County Sheriff	January 2013
Kasey Wadding	County Attorney	January 2015
Jean Keller	County Assessor	Appointed
Dawn Everding	County Finance	Appointed

INDEPENDENT AUDITOR'S REPORT

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Bremer County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2012, on our consideration of Bremer County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 40 through 43 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the five years ended June 30, 2006 (which are not presented herein) were audited by other auditors, who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedule 1 through 6, (including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
February 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bremer County, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- ♦ County governmental activities revenue decreased 4.4%, or \$686,555 from 2010 to 2011.
- ♦ Program expenses of the County's governmental activities were 14.5%, or \$1,600,847, more in 2011 than in 2010.
- ♦ The County's governmental activities net assets increased 6.7%, or \$2,134,373, during the year ended June 30, 2011.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Bremer County, Iowa as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Bremer County, Iowa's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Bremer County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. Proprietary funds are used to account for the County's Internal Service, Employee Group Health Insurance Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

In addition, proprietary funds account for the County's Enterprise Fund, Community Based Services. This fund reports services for which the County charges customers for the services it provides. Enterprise Funds are reported in the same way all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. The County is responsible for ensuring the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services, and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in net assets for governmental and business-type activities.

Net Assets of Governmental Activities

	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 23,384,566	\$ 19,921,941
Capital assets	<u>26,444,144</u>	<u>24,893,136</u>
Total assets	<u>49,828,710</u>	<u>44,815,077</u>
Long-term debt outstanding	8,701,109	5,870,571
Other liabilities	<u>7,206,696</u>	<u>7,157,974</u>
Total liabilities	<u>15,907,805</u>	<u>13,028,545</u>
Net assets:		
Invested in capital assets, net of related debt	22,114,144	22,058,136
Restricted	11,385,717	8,297,867
Unrestricted	<u>421,044</u>	<u>1,430,529</u>
Total net assets	\$ <u>33,920,905</u>	\$ <u>31,786,532</u>

Net assets of the County's governmental activities increased by 6.7% (\$33,920,905 compared to \$31,786,532). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from \$1,430,529 at June 30, 2010 to \$421,044 at the end of this year, a decrease of 70.6%.

Changes in Net Assets of Governmental Activities

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for service	\$ 1,890,189	\$ 2,168,339
Operating grants, contributions and restricted interest	6,767,579	7,504,876
Capital grants, contributions and restricted interest	738,538	-
General revenues:		
Property and other County tax	4,781,596	4,986,233
Unrestricted investment earnings	207,152	228,696
Other general revenues	<u>433,482</u>	<u>616,947</u>
Total revenues	<u>14,818,536</u>	<u>15,505,091</u>
Program expenses:		
Public safety and legal services	3,078,318	3,089,621
Physical health and social services	275,974	476,410
Mental health	2,050,831	2,017,483
County environment and education	1,325,048	803,294
Roads and transportation	3,609,084	2,248,077
Governmental services to residents	576,189	642,054
Administration	1,519,651	1,502,127
Nonprogram	28,694	74,909
Interest on long-term debt	<u>190,347</u>	<u>199,314</u>
Total expenses	<u>12,654,136</u>	<u>11,053,289</u>
Transfers, net	<u>(30,027)</u>	<u>-</u>
Change in net assets	2,134,373	4,451,802
Net assets – Beginning of year	<u>31,786,532</u>	<u>27,334,730</u>
Net assets – End of year	\$ <u>33,920,905</u>	\$ <u>31,786,532</u>

The results of governmental activities for the year resulted in Bremer County, Iowa's net assets increasing by \$2,134,373. Revenues for governmental activities decreased by \$686,555 from the prior year. This decrease was due primarily to a decrease in charges for service, property and other County tax and in other general revenues received during the current year in comparison to the prior year.

The cost of all governmental activities this year was \$12,654,136 compared to \$11,053,289 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities through County taxes was \$3,257,830 because some of the cost was paid by those directly benefited from the programs (\$1,890,189) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7,506,117).

Business Type Activities

The enterprise fund is used to account for the operation of mental health facilities for Bremer County, Iowa residents through the rental and use of County owned homes, apartment buildings, and the support of various user charges. The analysis that follows focuses on the changes in net assets for business type activities.

NET ASSETS OF BUSINESS TYPE ACTIVITIES

		June 30,	
	2011		2010
Current assets	\$ 468,967	\$	383,224
Capital assets at cost, less accumulated depreciation	267,356		269,366
Other assets	<u>56,000</u>		<u>56,000</u>
Total assets	<u>792,323</u>		<u>708,590</u>
Current liabilities	416,455		308,540
Long-term Liabilities	<u>44,957</u>		<u>28,782</u>
Total liabilities	<u>461,412</u>		<u>337,322</u>
Net assets	\$ <u>330,911</u>	\$	<u>371,268</u>

The Enterprise fund's unrestricted net assets account for 19% of total net assets and can be used to meet the Enterprise fund's obligations as they come due.

Statements of Revenues, Expenses and Changes in Net Assets

Operating revenues are received from patient fees and rent. Operating expenses are expenses paid to run the Enterprise fund. Non-operating revenues and expenses include interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2011 and 2010 is presented below:

CHANGES IN NET ASSETS OF BUSINESS TYPE ACTIVITIES

	Year ended June 30,	
	2011	2010
Operating revenue:		
Patient fees	\$ 4,165,241	\$ 2,819,727
Rent	<u>60,989</u>	<u>51,057</u>
Total operating revenue	<u>4,226,230</u>	<u>2,870,784</u>
Operating expenses:		
Salaries	1,864,025	1,115,676
Contract labor	1,416,230	1,128,377
Payroll taxes	128,857	81,004
Employee benefits	533,486	305,744
Employee relations	38,366	8,547
Advertising	9,186	1,284
Computer maintenance support	22,636	-
Office and general	41,591	15,780
Insurance	20,589	15,232
Direct consumer expense	9,300	9,309
Rent expense	973	11,322
Repairs and maintenance	35,406	19,917
Professional fees	18,371	4,786
Telephone	24,866	22,450
Utilities	20,285	14,210
Staff meals	4,256	4,441
Travel	57,373	20,846
Depreciation	42,579	22,591
Dues and memberships	4,875	2,479
Medical	690	3,274
Miscellaneous	<u>2,674</u>	<u>1,010</u>
Total operating expenses	<u>4,296,614</u>	<u>2,808,279</u>

Operating income (loss)	(70,384)	62,505
Non-operating revenues:		
Interest income	<u>-</u>	<u>8</u>
Net income (loss) before other financing sources	(70,384)	62,513
Other financing sources:		
Transfers in	<u>30,027</u>	<u>-</u>
Change in net assets	(40,357)	62,513
Net assets - Beginning of year, as restated	<u>371,268</u>	<u>308,755</u>
Net assets - End of year	\$ <u>330,911</u>	\$ <u>371,268</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a decrease in the net assets at the end of the fiscal year.

In fiscal year 2011, operating revenue increased 47% or \$1,355,446, primarily due to an increase in the amount of patients served. Operating expenses increased 53% or \$1,488,335, primarily due to an increase in expenses associated with the increase in patients served.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related investing and financing activities. Cash provided by operating activities includes patient fees and other receipts reduced by payments to suppliers and employees. Cash provided by investing activities includes interest income.

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$15,720,400, which is an increase of \$3,034,580 from last year's total of \$12,685,820.

- General Fund revenues decreased by 9.5% and expenditures decreased by 4.7% when compared to the prior year. The ending fund balance showed an increase from the prior year of \$145,729 from \$4,446,428 to \$4,592,157.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$2,106,996, an increase of 5.0% from the prior year. The Mental Health Fund balance at year end decreased by \$1,875 from the prior year.
- Rural Services Fund revenues increased 2.7% while expenditures increased 1.6%. The Rural Services Fund's ending Fund balance increased by \$17,463 from the prior year.
- Solid Waste Management Fund revenues and expenses increased by .6% and 33.1%, respectively. The Solid Waste Management ending Fund balance decreased by \$92,905 from the prior year.
- Secondary Roads Fund revenues increased by \$93,694 from the prior year. There was also a decrease in the Secondary Roads Fund ending balance of \$118,417, or 11.6%.
- The Solid Waste Closure ending Fund balance decreased \$10,762 from the prior year to \$1,502,681.
- Debt Service ending Fund balance increased from \$0 in the prior year to \$4,097,928 due to bonds issued during fiscal year that are held in escrow at June 30, 2011.

The major business type activities fund is as follows:

- Community Based Services, net assets balance decreased \$40,357 from the prior year to \$330,911.

BUDGETARY HIGHLIGHTS

Over the course of the year, Bremer County, Iowa amended its budget once. The amendment was made on May 23, 2011 and resulted in a net decrease in budgeted revenues and disbursements in certain County departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Governmental Funds

At June 30, 2011, Bremer County, Iowa had \$26,444,144 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions, deletions and depreciation) of \$1,551,008 or 6.2% over last year. The majority of this increase was due to infrastructure additions.

Capital Assets of Governmental Activities at Year End

	<u>2011</u>	<u>2010</u>
Land	\$ 1,348,642	\$ 1,348,642
Buildings, improvements and construction in progress (net)	8,466,880	7,848,796
Machinery and equipment (net)	1,450,337	1,193,814
Infrastructure (net)	<u>15,178,285</u>	<u>14,501,884</u>
Totals	\$ <u>26,444,144</u>	\$ <u>24,893,136</u>
The year's major additions included:		
Land	\$ -	\$ 35,238
Roads and bridges and construction in progress	2,272,709	3,128,156
Machinery and equipment	572,562	91,949
Buildings and improvements	<u>-</u>	<u>438,458</u>
	\$ <u>2,845,271</u>	\$ <u>3,693,801</u>

The County had depreciation/amortization expense of \$1,266,677 for the year ended June 30, 2011 and total accumulated depreciation/amortization as of June 30, 2011 of \$21,271,668.

Business Type Activities

At June 30, 2011, the Enterprise fund had \$658,675 invested in capital assets, net of accumulated depreciation of \$391,319. Depreciation charges totaled \$42,579 for fiscal year 2011.

Additional information about the County's capital assets is presented in Note 5 to the financial statements.

Long-term Debt

At June 30, 2011, Bremer County had \$8,701,109 in bonds and other debt outstanding compared to \$5,870,571 at June 30, 2010, as shown below.

Outstanding Debt of Governmental Activities at Year-End

	<u>2011</u>	<u>2010</u>
General obligation notes and bonds	\$ 7,460,000	\$ 4,605,000
Closure and post closure cost estimate	601,650	685,400
Net OPEB liability	132,815	83,604
Early retirement benefits	5,635	14,757
Compensated absences	<u>501,009</u>	<u>481,810</u>
Totals	\$ <u>8,701,109</u>	\$ <u>5,870,571</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below its constitution debt limit of \$86,731,676.

At June 30, 2011, the Enterprise fund's long-term debt consisted of net OPEB liability of \$44,957.

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Bremer County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Unemployment (July 2011) in the County now stands at 4.4%. This compares with the State's unemployment rate of 6.0% and the national rate of 9.1%

Inflation in the State is slightly lower than the national Consumer Price Index increase. The State's CPI increase was 3.8% for fiscal year 2011 compared with the national increase of 4.3%.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are \$1,198,592 less than the final 2011 budget. Budgeted disbursements are expected to decrease by \$1,145,165 compared to the final 2011 budget. The County has added no major new programs or initiatives to the 2012 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease \$1,539,801 by the close of fiscal year 2012.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Bremer County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bremer County Auditor's Office, 415 East Bremer Avenue, Waverly, Iowa 50677.

BASIC FINANCIAL STATEMENTS

BREMER COUNTY, IOWA

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
ASSETS:			
Cash and pooled investments	\$ 16,331,391	\$ -	\$ 16,331,391
Receivables:			
Property tax:			
Delinquent	22,874	-	22,874
Succeeding year	6,342,452	-	6,342,452
Accounts	62,415	277,919	340,334
Accrued interest	8,361	-	8,361
Due from other governments	134,314	165,483	299,797
Inventories	423,207	-	423,207
Prepaid expenses	59,552	10,325	69,877
Lease receivable	-	15,240	15,240
Capital assets (net of accumulated depreciation)	26,444,144	267,356	26,711,500
Notes receivable	-	56,000	56,000
Total assets	<u>49,828,710</u>	<u>792,323</u>	<u>50,621,033</u>
LIABILITIES:			
Excess of outstanding checks over bank balance	-	51,237	51,237
Accounts payable	435,784	163,955	599,739
Accrued interest payable	14,848	-	14,848
Salaries and benefits payable	211,613	86,215	297,828
Cost report settlement	-	30,000	30,000
Due to other governments	201,999	3,401	205,400
Deferred revenue:			
Succeeding year property tax	6,342,452	-	6,342,452
Other	-	11,126	11,126
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds	4,330,000	-	4,330,000
Early retirement benefits	5,635	-	5,635
Compensated absences	501,009	70,521	571,530
Portion due or payable after one year:			
General obligation bonds	3,130,000	-	3,130,000
Closure and postclosure costs	601,650	-	601,650
Net OPEB liability	<u>132,815</u>	<u>44,957</u>	<u>177,772</u>
Total liabilities	<u>15,907,805</u>	<u>461,412</u>	<u>16,369,217</u>
NET ASSETS:			
Invested in capital assets, net of related debt	22,114,144	267,356	22,381,500
Restricted for:			
Supplemental levy purposes	257,474	-	257,474
Mental health purposes	1,094,282	-	1,094,282
Secondary roads purposes	902,815	-	902,815
Closure and postclosure care costs	1,502,681	-	1,502,681
Capital projects	70,015	-	70,015
Other purposes	7,558,450	-	7,558,450
Unrestricted	<u>421,044</u>	<u>63,555</u>	<u>484,599</u>
Total net assets	<u>\$ 33,920,905</u>	<u>\$ 330,911</u>	<u>\$ 34,251,816</u>

See Notes to Financial Statements

BREMER COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

		<u>Program Revenues</u>		
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	<u>Expenses</u>	<u>Charges for Service</u>		
<u>FUNCTIONS/PROGRAMS:</u>				
Governmental activities:				
Public safety and legal services	\$ 3,078,318	\$ 760,047	\$ 3,140	\$ -
Physical health and social services	275,974	5,759	-	-
Mental health	2,050,831	-	2,104,981	-
County environment and education	1,325,048	281,609	299,225	738,538
Roads and transportation	3,609,084	119,158	4,309,886	-
Governmental services to residents	576,189	647,018	50,347	-
Administration	1,519,651	76,598	-	-
Nonprogram	28,694	-	-	-
Interest on long-term debt	190,347	-	-	-
Total governmental activities	12,654,136	1,890,189	6,767,579	738,538
Business type activities:				
Mental health	4,296,614	4,165,241	-	-
Total	\$ 16,950,750	\$ 6,055,430	\$ 6,767,579	\$ 738,538

GENERAL REVENUES:

Property and other County tax levied for:
 General purposes
Penalty and interest on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings
Gain on disposal of capital assets
Miscellaneous
Transfers
 Total general revenues

Change in net assets

NET ASSETS - Beginning of year, as restated

NET ASSETS - End of year

Net (Expense) Revenues
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (2,315,131)	\$ -	\$ (2,315,131)
(270,215)	-	(270,215)
54,150	-	54,150
(5,676)	-	(5,676)
819,960	-	819,960
121,176	-	121,176
(1,443,053)	-	(1,443,053)
(28,694)	-	(28,694)
<u>(190,347)</u>	<u>-</u>	<u>(190,347)</u>
(3,257,830)	-	(3,257,830)
<u>-</u>	<u>(131,373)</u>	<u>(131,373)</u>
<u>(3,257,830)</u>	<u>(131,373)</u>	<u>(3,389,203)</u>
3,942,974	-	3,942,974
51,494	-	51,494
133,384	-	133,384
838,622	-	838,622
207,152	-	207,152
29,538	-	29,538
219,066	60,989	280,055
<u>(30,027)</u>	<u>30,027</u>	<u>-</u>
<u>5,392,203</u>	<u>91,016</u>	<u>5,483,219</u>
2,134,373	(40,357)	2,094,016
<u>31,786,532</u>	<u>371,268</u>	<u>32,157,800</u>
\$ <u>33,920,905</u>	\$ <u>330,911</u>	\$ <u>34,251,816</u>

BREMER COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

				Special Revenue
	<u>General</u>	<u>MH-DD</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 4,654,866	\$ 1,333,898	\$ 227,659	\$ 1,652,540
Cash in escrow	-	-	-	-
Receivables:				
Property tax:				
Delinquent	14,127	3,099	5,648	-
Succeeding year	3,740,038	849,483	1,752,931	-
Accounts	52,644	811	-	2,200
Due from other governments	57,017	-	-	-
Inventories	-	-	-	-
Prepaid expenses	36,072	-	-	1,681
 TOTAL ASSETS	 \$ 8,554,764	 \$ 2,187,291	 \$ 1,986,238	 \$ 1,656,421
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 46,482	\$ 58,113	\$ -	\$ 2,545
Salaries and benefits payable	130,812	11,771	5,965	2,709
Due to other governments	31,148	170,543	-	-
Deferred revenue:				
Succeeding year property tax	3,740,038	849,483	1,752,931	-
Other	14,127	3,099	5,648	-
Total liabilities	3,962,607	1,093,009	1,764,544	5,254
 <u>FUND BALANCES:</u>				
Nonspendable	36,072	-	-	1,681
Restricted	257,474	1,094,282	221,694	1,649,486
Unassigned	4,298,611	-	-	-
Total fund balances	4,592,157	1,094,282	221,694	1,651,167
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 8,554,764	 \$ 2,187,291	 \$ 1,986,238	 \$ 1,656,421

<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 575,372	\$ 1,502,681	\$ -	\$ 1,602,894	\$ 11,549,910
-	-	4,097,928	-	4,097,928
-	-	-	-	22,874
-	-	-	-	6,342,452
6,398	-	-	362	62,415
-	-	-	77,297	134,314
423,207	-	-	-	423,207
21,799	-	-	-	59,552
<u>\$ 1,026,776</u>	<u>\$ 1,502,681</u>	<u>\$ 4,097,928</u>	<u>\$ 1,680,553</u>	<u>\$ 22,692,652</u>
\$ 63,297	\$ -	\$ -	\$ 22,877	\$ 193,314
60,356	-	-	-	211,613
308	-	-	-	201,999
-	-	-	-	6,342,452
-	-	-	-	22,874
<u>123,961</u>	<u>-</u>	<u>-</u>	<u>22,877</u>	<u>6,972,252</u>
445,006	-	-	-	482,759
457,809	1,502,681	4,097,928	1,657,676	10,939,030
-	-	-	-	4,298,611
<u>902,815</u>	<u>1,502,681</u>	<u>4,097,928</u>	<u>1,657,676</u>	<u>15,720,400</u>
<u>\$ 1,026,776</u>	<u>\$ 1,502,681</u>	<u>\$ 4,097,928</u>	<u>\$ 1,680,553</u>	<u>\$ 22,692,652</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

TOTAL GOVERNMENTAL FUND BALANCES	\$ 15,720,400
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AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$47,715,812 and the accumulated depreciation/amortization is \$21,271,668.	26,444,144
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Other assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds.	8,361
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Other revenues are not available to pay for current period expenditures and , therefore, are deferred in the funds	22,874
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The Internal Service Fund is used by management to charge the costs of the fully self funding of the County's health insurance benefit plan to the individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	441,083
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Long-term liabilities, including bonds payable, compensated absences payable, early retirement benefits payable, closure and postclosure care costs, net OPEB liability and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(8,715,957)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>33,920,905</u>
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BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

			<u>Special Revenue</u>	
	<u>General</u>	<u>MH-DD</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 3,942,974	\$ 865,630	\$ 1,718,381	\$ -
Interest and penalty on property tax	51,494	-	-	-
Intergovernmental	998,425	1,226,864	59,664	-
Licenses and permits	242,927	-	-	-
Charges for service	550,030	-	-	99,633
Use of money and property	386,204	-	-	-
Miscellaneous	154,917	12,627	-	11,417
Total revenues	<u>6,326,971</u>	<u>2,105,121</u>	<u>1,778,045</u>	<u>111,050</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	2,770,369	-	239,239	-
Physical health and social services	353,889	-	-	-
Mental health	-	2,106,996	-	-
County environment and education	755,095	-	167,467	260,905
Roads and transportation	-	-	-	-
Governmental services to residents	581,437	-	-	-
Administration	1,426,230	-	3,287	-
Nonprogram	29,410	-	-	-
Debt service	-	-	-	-
Capital projects	43,962	-	-	-
Total expenditures	<u>5,960,392</u>	<u>2,106,996</u>	<u>409,993</u>	<u>260,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>366,579</u>	<u>(1,875)</u>	<u>1,368,052</u>	<u>(149,855)</u>
Other financial sources (uses):				
Sale of capital assets	174	-	-	56,950
Refunding bonds issued	-	-	-	-
Bond discount	-	-	-	-
Transfers in	8,000	-	-	-
Transfers out	(229,024)	-	(1,350,589)	-
Total other financing sources (uses)	<u>(220,850)</u>	<u>-</u>	<u>(1,350,589)</u>	<u>56,950</u>
Net change in fund balances	145,729	(1,875)	17,463	(92,905)
<u>FUND BALANCES</u> - Beginning of year	<u>4,446,428</u>	<u>1,096,157</u>	<u>204,231</u>	<u>1,744,072</u>
<u>FUND BALANCES</u> - End of year	\$ <u>4,592,157</u>	\$ <u>1,094,282</u>	\$ <u>221,694</u>	\$ <u>1,651,167</u>

See Notes to Financial Statements

<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,016,554	\$ 7,543,539
-	-	-	-	51,494
2,532,001	-	-	759,603	5,576,557
6,465	-	-	-	249,392
50	-	-	4,862	654,575
-	-	-	33,774	419,978
112,643	-	-	1,466	293,070
<u>2,651,159</u>	<u>-</u>	<u>-</u>	<u>1,816,259</u>	<u>14,788,605</u>
-	-	-	15,978	3,025,586
-	-	-	-	353,889
-	-	-	-	2,106,996
-	10,762	-	70,803	1,265,032
4,275,762	-	-	-	4,275,762
-	-	-	3,985	585,422
-	-	-	-	1,429,517
-	-	-	-	29,410
-	-	50,772	466,135	516,907
-	-	-	1,247,339	1,291,301
<u>4,275,762</u>	<u>10,762</u>	<u>50,772</u>	<u>1,804,240</u>	<u>14,879,822</u>
<u>(1,624,603)</u>	<u>(10,762)</u>	<u>(50,772)</u>	<u>12,019</u>	<u>(91,217)</u>
-	-	-	-	57,124
-	-	3,130,000	-	3,130,000
-	-	(31,300)	-	(31,300)
1,506,186	-	1,050,000	332,190	2,896,376
-	-	-	(1,346,790)	(2,926,403)
<u>1,506,186</u>	<u>-</u>	<u>4,148,700</u>	<u>(1,014,600)</u>	<u>3,125,797</u>
(118,417)	(10,762)	4,097,928	(1,002,581)	3,034,580
<u>1,021,232</u>	<u>1,513,443</u>	<u>-</u>	<u>2,660,257</u>	<u>12,685,820</u>
\$ <u>902,815</u>	\$ <u>1,502,681</u>	\$ <u>4,097,928</u>	\$ <u>1,657,676</u>	\$ <u>15,720,400</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,034,580

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense and loss on disposal of capital assets in the current year as follows:

Expenditures for capital assets	\$ 2,845,271	
Loss on disposal of capital assets	(27,586)	
Depreciation/amortization expense	<u>(1,266,677)</u>	1,551,008

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Refunding bond issuance	(3,130,000)	
Principal payments	<u>275,000</u>	(2,855,000)

Because some revenues will not be collected for several months after the County's year end, they are not considered available and are excluded from the governmental funds, as follows:

Property tax	\$ (155)	
Interest	<u>548</u>	393

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Net OPEB liability	\$ (49,211)	
Closure and postclosure costs	83,750	
Early retirement benefits	9,122	
Compensated absences	(19,199)	
Interest on long-term debt	<u>788</u>	25,250

The Internal Service Fund is used by management to charge the costs of the fully self funding of the County's health benefit plan to the individual funds. The change in net assets of the Internal Service Fund is reported with the governmental activities.

378,142

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 2,134,373

BREMER COUNTY, IOWA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

	Internal Service Employee Group Health	Enterprise Community Based Services	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 683,553	\$ -	\$ 683,553
Receivables:			
Accounts	-	277,919	277,919
Due from other governments	-	165,483	165,483
Prepaid expenses	-	10,325	10,325
Lease receivable	-	15,240	15,240
Capital assets	-	658,675	658,675
Accumulated depreciation	-	(391,319)	(391,319)
Notes receivable	-	56,000	56,000
TOTAL ASSETS	683,553	792,323	1,475,876
<u>LIABILITIES:</u>			
Excess of outstanding checks over bank balance	-	51,237	51,237
Accounts payable	242,470	163,955	406,425
Due to other governments	-	3,401	3,401
Salaries and benefits payable	-	86,215	86,215
Accrued compensated absences	-	70,521	70,521
Cost report settlement	-	30,000	30,000
Deferred revenue	-	11,126	11,126
Net OPEB obligation	-	44,957	44,957
TOTAL LIABILITIES	242,470	461,412	703,882
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	-	267,356	267,356
Unrestricted	441,083	63,555	504,638
TOTAL NET ASSETS	\$ 441,083	\$ 330,911	\$ 771,994

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Internal Service Employee <u>Group Health</u>	Enterprise Community Based <u>Services</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Reimbursements from operating funds	\$ 1,602,077	\$ -	\$ 1,602,077
Reimbursements from employees	112,421	-	112,421
Charges for service	-	4,165,241	4,165,241
Building rent	-	60,989	60,989
Miscellaneous	<u>269,773</u>	-	<u>269,773</u>
Total operating revenues	<u>1,984,271</u>	<u>4,226,230</u>	<u>6,210,501</u>
<u>OPERATING EXPENSES:</u>			
Medical claims	1,234,489	-	1,234,489
Insurance premiums	326,965	-	326,965
Administrative fees	47,640	-	47,640
Salaries and benefits	-	2,526,368	2,526,368
Operations and supplies	-	1,727,667	1,727,667
Depreciation	<u>-</u>	<u>42,579</u>	<u>42,579</u>
Total operating expenses	<u>1,609,094</u>	<u>4,296,614</u>	<u>5,905,708</u>
Operating income (loss)	375,177	(70,384)	304,793
<u>NONOPERATING REVENUES:</u>			
Interest on investments	<u>2,965</u>	-	<u>2,965</u>
Income (loss) before other financing sources	378,142	(70,384)	307,758
<u>OTHER FINANCING SOURCES:</u>			
Transfers in	<u>-</u>	<u>30,027</u>	<u>30,027</u>
Net income (loss)	378,142	(40,357)	337,785
Net assets beginning of year, as restated	<u>62,941</u>	<u>371,268</u>	<u>434,209</u>
Net assets end of year	\$ <u>441,083</u>	\$ <u>330,911</u>	\$ <u>771,994</u>

BREMER COUNTY, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	<u>Internal Service Employee Group Health</u>	<u>Enterprise Community Based Services</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES :</u>			
Cash received from operating fund reimbursements, employees and others	\$ 1,984,300	\$ 4,034,346	\$ 6,018,646
Cash payments to suppliers and employees for services	<u>(1,608,612)</u>	<u>(4,116,974)</u>	<u>(5,725,586)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>375,688</u>	<u>(82,628)</u>	<u>293,060</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>			
Transfers in	<u>-</u>	<u>30,027</u>	<u>30,027</u>
<u>CASH FLOWS FROM CAPITAL ACTIVITIES:</u>			
Purchase of property and equipment	<u>-</u>	<u>(40,569)</u>	<u>(40,569)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES :</u>			
Interest on investments	<u>2,965</u>	<u>-</u>	<u>2,965</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	378,653	(93,170)	285,483
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of year	<u>304,900</u>	<u>93,170</u>	<u>398,070</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of year	\$ <u>683,553</u>	\$ <u>-</u>	\$ <u>683,553</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES :</u>			
Operating income (loss)	\$ 375,177	\$ (70,384)	\$ 304,793
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	42,579	42,579
Decrease (Increase) in accounts receivable	29	(170,215)	(170,186)
Increase in due from other governments	-	(1,961)	(1,961)
Decrease in prepaid expenses	-	883	883
Increase in lease receivable	-	(7,620)	(7,620)
Increase in accounts payable	482	28,840	29,322
Increase in excess of outstanding checks over bank balance	-	51,237	51,237
Increase in salaries and benefits payable	-	45,067	45,067
Increase in due to other governments	-	3,401	3,401
Increase in accrued compensated absences	-	4,184	4,184
Decrease in cost report settlement liability	-	(19,708)	(19,708)
Decrease in deferred revenue	-	(5,106)	(5,106)
Increase in net OPEB obligation	<u>-</u>	<u>16,175</u>	<u>16,175</u>
Net cash provided (used) by operating activities	\$ <u>375,688</u>	\$ <u>(82,628)</u>	\$ <u>293,060</u>

See Notes to Financial Statements

BREMER COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-
AGENCY FUNDS
JUNE 30, 2011

ASSETS

Cash and pooled investments:		
County Treasurer	\$	1,602,574
Other County officials		88,154
Receivables:		
Accounts		1,094
Property tax receivable:		
Delinquent		186
Succeeding year		<u>22,229,877</u>
	TOTAL ASSETS	<u>23,921,885</u>

LIABILITIES

Accounts payable		3,700
Due to other governments		23,793,438
Trusts payable		88,154
Salaries and benefits payable		11,977
Compensated absences		<u>24,616</u>
	TOTAL LIABILITIES	<u>23,921,885</u>
	NET ASSETS	\$ <u>-</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bremer County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Bremer County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Bremer County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Bremer County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Bremer County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Bremer County Assessor's Conference Board, Bremer County Emergency Management Commission, and Bremer County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in following categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and business-type funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue

The MH-DD Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Solid Waste Management Fund is used to account for retained tonnage fees.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Solid Waste Closure Fund is used to account for the reserves to be used for closure and post closure expenditures of the landfill, when the landfill no longer accepts solid waste.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major proprietary fund:

Enterprise Fund

An Enterprise Fund is used to finance and account for the operation of mental health facilities for Bremer County residents through the rental and use of County owned buildings and the support of various user charges.

Additionally, the County reports the following funds:

Proprietary Fund

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proprietary funds of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The County also has funds held in escrow to be used solely for debt service purposes. These funds are invested in U.S. Treasury Notes and are stated at cost which approximates fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	5,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Intangibles	3-20
Equipment	2-20
Vehicles	3-10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds and property tax receivable not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2: CASH AND POOLED INVESTMENTS (Continued)

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

NOTE 3: LOANS RECEIVABLE

The County has \$127,439 available to use for economic development within the County. At June 30, 2011 there are no loans outstanding for economic development.

NOTE 4: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Solid Waste Fee	\$ 8,000
Conservation Land Acquisition	General Fund	43,400
Secondary Roads	Rural Services	1,350,589
LOSST Sinking Fund	LOSST	288,790
Debt Service Fund	LOSST	1,050,000
Secondary Roads	General Fund	155,597
Community Based Services	General Fund	30,027
Total		\$ <u>2,896,376</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases and Transfers	Decreases and Transfers	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,348,642	\$ -	\$ -	\$ 1,348,642
Construction in progress	<u>1,320,725</u>	<u>2,263,290</u>	<u>1,508,344</u>	<u>2,075,671</u>
Total capital assets not being depreciated	<u>2,669,367</u>	<u>2,263,290</u>	<u>1,508,344</u>	<u>3,424,313</u>
Capital assets being depreciated/amortized:				
Buildings	5,780,098	-	-	5,780,098
Building improvements	2,411,826	-	-	2,411,826
Equipment	6,189,940	344,466	70,187	6,464,219
Vehicles	1,184,853	228,096	93,859	1,319,090
Infrastructure	<u>26,798,503</u>	<u>1,517,763</u>	<u>-</u>	<u>28,316,266</u>
Total capital assets being depreciated/amortized	<u>42,365,220</u>	<u>2,090,325</u>	<u>164,046</u>	<u>44,291,499</u>
Less accumulated depreciation/amortization for:				
Buildings	1,266,881	85,821	-	1,352,702
Building improvements	396,972	51,041	-	448,013
Equipment	5,174,740	221,006	44,530	5,351,216
Vehicles	1,006,239	67,447	91,930	981,756
Infrastructure	<u>12,296,619</u>	<u>841,362</u>	<u>-</u>	<u>13,137,981</u>
Total accumulated depreciation/amortization	<u>20,141,451</u>	<u>1,266,677</u>	<u>136,460</u>	<u>21,271,668</u>
Total capital assets being depreciated/amortized, net	<u>22,223,769</u>	<u>823,648</u>	<u>27,586</u>	<u>23,019,831</u>
Governmental activities capital assets, net	\$ <u>24,893,136</u>	\$ <u>3,086,938</u>	\$ <u>1,535,930</u>	\$ <u>26,444,144</u>
Business type activities:				
Buildings and building improvements	\$ 490,388	\$ -	\$ -	\$ 490,388
Furniture, vehicles and equipment	<u>127,718</u>	<u>40,569</u>	<u>-</u>	<u>168,287</u>
	618,106	40,569	-	658,675
Less accumulated depreciation/amortization	<u>348,740</u>	<u>42,579</u>	<u>-</u>	<u>391,319</u>
Business type activities capital assets, net	\$ <u>269,366</u>	\$ <u>(2,010)</u>	\$ <u>-</u>	\$ <u>267,356</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 219,604
Physical health and social services	16,623
Mental health	3,467
County environment and education	208,683
Roads and transportation	710,397
Governmental services to residents	5,014
Administration	<u>102,889</u>
Total depreciation/amortization expense – governmental activities	\$ <u>1,266,677</u>
Business type activities – depreciation/amortization expense	\$ <u>42,579</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 6: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 31,148
Special Revenue:		
MH-DD		170,543
Secondary Roads		<u>308</u>
Total for governmental funds		\$ <u>201,999</u>
Community Based Services		\$ <u>3,401</u>
Total business type activity funds		\$ <u>3,401</u>
Agency:		
Schools	Collections	\$ 13,695,717
Corporations		6,809,172
Community Colleges		944,160
Auto License and Use Tax		573,420
County Assessor		810,706
Townships		262,159
Agricultural Extension Education		198,361
All Other		<u>499,743</u>
Total for agency funds		\$ <u>23,793,438</u>

NOTE 7: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2011 is as follows:

	<u>Net OPEB Liability</u>	<u>Estimated Liability for Landfill Closure/ Postclosure Care Costs</u>	<u>Early Retirement</u>	<u>Compensated Absences</u>	<u>General Obligation LOSST Bonds</u>	<u>Wartburg General Obligation Economic Development Bonds</u>	<u>General Obligation Refunding Bonds</u>	<u>Total</u>
Balance beginning of year	\$ 83,604	\$ 685,400	\$ 14,757	\$ 481,810	\$ 2,835,000	\$ 1,770,000	\$ -	\$ 5,870,571
Increases	49,211	-	-	501,009	-	-	3,130,000	3,680,220
Decreases	<u>-</u>	<u>83,750</u>	<u>9,122</u>	<u>481,810</u>	<u>170,000</u>	<u>105,000</u>	<u>-</u>	<u>849,682</u>
Balance end of year	\$ <u>132,815</u>	\$ <u>601,650</u>	\$ <u>5,635</u>	\$ <u>501,009</u>	\$ <u>2,665,000</u>	\$ <u>1,665,000</u>	\$ <u>3,130,000</u>	\$ <u>8,701,109</u>
Due within one year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,635</u>	\$ <u>501,009</u>	\$ <u>2,665,000</u>	\$ <u>1,665,000</u>	\$ <u>-</u>	\$ <u>4,836,644</u>

Long-term liabilities for business type activities consist of compensated absences of \$70,521 and net OPEB liability of \$44,957 as of June 30, 2011.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES (Continued)

Early Retirement

The County approved an early retirement policy during the year ended June 30, 2004. Applicants must submit a written request to the department head at least fourteen days prior to the date the employee wishes to retire. Eligible employees are those who are eligible to retire under the rule of IPERS or those who have a doctor certified disability. The benefits will be a lump sum which will be applicable to the continuance of the employee's health care insurance under the County plan. The lump sum calculation will be the employee's sick leave hours unused at the time of retirement (1/2 of the hours for employees with less than ten years service) times 1/2 of the employee's last hourly pay. A liability has been recorded representing the County's commitment to fund early retirement obligations.

Landfill Closure Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$601,650 reported as estimated liability for landfill closure and postclosure care costs at June 30, 2011, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill expected to be used before closure. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2011. The County closed the landfill on September 30, 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

In anticipation of State regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has reserved \$1,502,681 as of June 30, 2011 for such purposes. These funds are reflected as restricted fund balance within the Special Revenue, Solid Waste Closure Fund.

Bonds Payable

A summary of the County's June 30, 2011 general obligation bonded indebtedness is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.70 - 4.60%	\$ <u>2,665,000</u>	\$ <u>112,252</u>	\$ <u>2,777,252</u>

During the year ended June 30, 2011, the County retired \$170,000 in General Obligation bonds.

During the fiscal year 2005, the County issued General Obligation Economic Development Bonds on behalf of a contractor for the purpose of building student housing at Wartburg College. Bonds are payable on June 1 and December 1 each year, interest payments commenced December 1, 2004 and principal payments commenced on June 1, 2008.

A summary of the County's June 30, 2011 general obligation economic development bonded indebtedness is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.50 - 4.50%	\$ <u>1,665,000</u>	\$ <u>68,397</u>	\$ <u>1,733,397</u>

During the year ended June 30, 2011, the County retired \$105,000 in Economic Development bonds.

Advance Crossover Refunding

During the year ended June 30, 2011, the County issued \$3,130,000 of general obligation refunding bonds. Proceeds from these bonds, along with \$1,050,000 the County had set aside, was used to provide resources to purchase U.S. Treasury Notes that generate a fixed interest rate of .75% and mature on May 31, 2012 and were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments associated with \$4,045,000 of general obligation bonds. As a result, both the assets of the escrow fund and the liabilities of the refunding bonds are reflected in the financial statements until the crossover date of June 1, 2012, the date the defeasance of the old debt takes place. Bonds are payable on June 1 and December 1 of each year, interest payments commencing on December 1, 2011 and principal payments commencing on June 1, 2013.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES (Continued)

A summary of the County's June 30, 2011 general obligation refunding bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	0.75 %	\$ -	\$ 61,264	\$ 61,264
2013	0.75	255,000	63,743	318,743
2014	1.00	265,000	61,830	326,830
2015	1.30	265,000	59,180	324,180
2016	1.50	265,000	55,735	320,735
2017-2021	1.80-2.75	1,760,000	201,400	1,961,400
2022-2023	2.90-3.10	320,000	14,560	334,560
		\$ <u>3,130,000</u>	\$ <u>517,712</u>	\$ <u>3,647,712</u>

NOTE 8: OPERATING LEASES

The County has one property and several equipment leases with terms ranging from 12 to 60 months. Future minimum payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 9,839
2013	9,239
2014	5,025
2015	3,815
2016	939
	\$ <u>28,857</u>

Payments under these operating leases totaled \$15,135 for the year ended June 30, 2011.

NOTE 9: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$487,013, \$422,374 and \$386,006, respectively, equal to the required contributions for each year.

NOTE 10: RISK MANAGEMENT

Bremer County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 10: RISK MANAGEMENT (Continued)

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2011 were \$122,260.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$300,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the fully self funding of the County's health insurance benefit plan. This plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2011 was \$1,602,077.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 11: EMPLOYEE HEALTH INSURANCE PLAN (Continued)

Amounts payable from the Employee Group Health Fund at June 30, 2011 total \$242,470, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$441,083 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 241,988
Incurred claims (including claims incurred but not reported as of June 30, 2011):	
Current-year events	\$ 1,234,489
Payments:	
Current-year events	\$ 992,019
Prior year events	241,988
Total payments	<u>1,234,007</u>
Unpaid claims end of year	\$ <u>242,470</u>

NOTE 12: RETIREMENT FACILITY REVENUE BONDS

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2011, the outstanding balance of retirement facility revenue bonds is \$15,810,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 121 active and 4 retired members in the plan.

The medical coverage is provided through a fully self-funded insurance plan with stop loss coverage administered by Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 93,643
Interest on net OPEB obligation	2,810
Adjustment to annual required contribution	<u>(1,507)</u>
Annual OPEB obligation	94,946
Contributions made	<u>(30,245)</u>
Increase in net OPEB cost	64,701
Net OPEB obligation beginning of year	<u>112,386</u>
Net OPEB obligation end of year	\$ <u>177,087</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed an estimated \$30,245 to the medical plan.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2009	\$ <u>86,912</u>	35.7%	\$ <u>55,869</u>
2010	\$ <u>87,560</u>	35.5%	\$ <u>112,386</u>
2011	\$ <u>94,946</u>	31.8%	\$ <u>177,087</u>

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was an estimated \$648,857 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$648,857. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,087,027 and the ratio of the UAAL to covered payroll was 10.66%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

As of the July 1, 2008 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from expected IPERS retirement dates and applying a modest termination rate.

Projected claim costs of the medical plan are \$462 per month. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 14: CONSTRUCTION CONTRACT COMMITMENTS

Prior to June 30, 2011, the County signed several construction contracts that are summarized below:

Total commitments	\$	2,901,482
Less amounts paid or accrued		<u>1,982,456</u>
Remaining commitments	\$	<u>919,026</u>

A significant portion of these commitments are for road projects and are financed by property taxes and other revenue. The remaining balance at June 30, 2011 will be paid as work on the projects progress.

NOTE 15: FUND BALANCE REPORTING

The detail of the County's fund balances at June 30, 2011, is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Nonspendable:					
Prepaid insurance	\$ 36,072	\$ 23,480	\$ -	\$ -	\$ 59,552
Inventories	-	<u>423,207</u>	-	-	<u>423,207</u>
Total nonspendable	<u>36,072</u>	<u>446,687</u>	-	-	<u>482,759</u>
Restricted for:					
Supplemental levy purposes	257,474	-	-	-	257,474
MH-DD	-	1,094,282	-	-	1,094,282
Rural services	-	221,694	-	-	221,694
Solid waste management	-	1,649,486	-	-	1,649,486
Secondary roads	-	457,809	-	-	457,809
Solid waste closure	-	1,502,681	-	-	1,502,681
LOSST	-	502,102	-	-	502,102
Urban renewal	-	2,898	-	-	2,898
Federal drug money	-	5,179	-	-	5,179
Tri County drug money	-	38,706	-	-	38,706
LOSST sinking fund	-	27,235	-	-	27,235
LOSST reserve fund	-	578,331	-	-	578,331
Economic revolving fund	-	127,439	-	-	127,439
REAP	-	27,131	-	-	27,131
Recorder's records management	-	1,304	-	-	1,304
Recorder's electronic transactions	-	27	-	-	27
Rural enterprise	-	24,177	-	-	24,177

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 15: FUND BALANCE REPORTING (Continued)

Convenience center closure	-	4,000	-	-	4,000
Solid waste fees	-	8,821	-	-	8,821
Drainage districts	-	2,719	-	-	2,719
Conservation land acquisition	-	234,592	-	-	234,592
HHM financial assurance	-	3,000	-	-	3,000
Rolling prairie trail	-	-	70,015	-	70,015
Debt service	-	-	-	4,097,928	4,097,928
Total restricted	<u>257,474</u>	<u>6,513,613</u>	<u>70,015</u>	<u>4,097,928</u>	<u>10,939,030</u>
Unassigned	<u>4,298,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,298,611</u>
Total fund balances	\$ <u>4,592,157</u>	\$ <u>6,960,300</u>	\$ <u>70,015</u>	\$ <u>4,097,928</u>	\$ <u>15,720,400</u>

NOTE 16: LITIGATION

The County Attorney reported that as of June 30, 2011, various claims and lawsuits were on file against the County. The probability of loss, if any, is undeterminable.

NOTE 17: PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2011, it was discovered that the cost report settlement liability had not been recorded in the previous fiscal year in the proprietary fund. As a result, Business Type Activities net assets decreased as of June 30, 2010:

As previously reported June 30, 2010	\$	420,976
Adjustments		(49,708)
As restated June 30, 2010	\$	<u>371,268</u>

NOTE 18: EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through February 15, 2012, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
		<u>Original</u>	<u>Final</u>	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 7,541,299	\$ 7,521,103	\$ 7,521,103	\$ 20,196
Interest and penalty on property tax	51,494	14,000	14,000	37,494
Intergovernmental	5,802,986	6,898,299	6,238,299	(435,313)
Licenses and permits	273,944	287,200	287,200	(13,256)
Charges for service	756,838	775,375	735,850	20,988
Use of money and property	372,130	354,113	354,113	18,017
Miscellaneous	291,763	308,906	308,906	(17,143)
Total receipts	<u>15,090,454</u>	<u>16,158,996</u>	<u>15,459,471</u>	<u>(369,017)</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	3,048,120	3,252,766	3,252,766	204,646
Physical health and social services	380,123	1,119,888	489,839	109,716
Mental health	2,082,989	2,310,367	2,310,367	227,378
County environment and education	1,214,391	1,233,673	1,320,483	106,092
Roads and transportation	4,059,078	4,059,700	4,059,700	622
Governmental services to residents	583,579	621,507	621,507	37,928
Administration	1,401,850	1,495,186	1,507,047	105,197
Nonprogram	30,311	83,000	83,000	52,689
Debt service	466,135	466,036	466,136	1
Capital projects	1,616,006	2,847,000	2,847,000	1,230,994
Total disbursements	<u>14,882,582</u>	<u>17,489,123</u>	<u>16,957,845</u>	<u>2,075,263</u>
Excess (deficiency) of receipts over (under) disbursements	207,872	(1,330,127)	(1,498,374)	1,706,246
Other financing sources, net	<u>3,105,052</u>	<u>12,000</u>	<u>68,950</u>	<u>3,036,102</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,312,924	(1,318,127)	(1,429,424)	4,742,348
<u>BALANCE - Beginning of year</u>	<u>12,442,779</u>	<u>9,659,037</u>	<u>9,659,037</u>	<u>2,783,742</u>
<u>BALANCE - End of year</u>	<u>\$ 15,755,703</u>	<u>\$ 8,340,910</u>	<u>\$ 8,229,613</u>	<u>\$ 7,526,090</u>

BREMER COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 15,090,454	\$ (301,849)	\$ 14,788,605
Expenditures	<u>14,882,582</u>	<u>2,760</u>	<u>14,879,822</u>
Net	207,872	(299,089)	(91,217)
Other financing sources, net	3,105,052	20,745	3,125,797
Beginning fund balance	<u>12,442,779</u>	<u>243,041</u>	<u>12,685,820</u>
Ending fund balance	\$ <u>15,755,703</u>	\$ <u>(35,303)</u>	\$ <u>15,720,400</u>

BREMER COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment decreased budgeted disbursements by \$531,278. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted.

BREMER COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b - a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
2009	July 1, 2008	\$ <u>-</u>	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,383,631</u>	12.37%
2010	July 1, 2008	\$ <u>-</u>	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,670,368</u>	11.75%
2011	July 1, 2008	\$ <u>-</u>	\$ <u>648,857</u>	\$ <u>648,857</u>	0.00%	\$ <u>6,087,027</u>	10.66%

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue				
	<u>LOSST</u>	<u>Urban Renewal</u>	<u>Federal Drug Money</u>	<u>Tri County Drug Money</u>	<u>LOSST Sinking Fund</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 447,682	\$ 2,898	\$ 5,179	\$ 38,706	\$ 27,235
Receivables:					
Accounts	-	-	-	-	-
Due from other governments	<u>77,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>524,979</u>	\$ <u>2,898</u>	\$ <u>5,179</u>	\$ <u>38,706</u>	\$ <u>27,235</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ <u>22,877</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>22,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>					
Restricted	<u>502,102</u>	<u>2,898</u>	<u>5,179</u>	<u>38,706</u>	<u>27,235</u>
Total fund balances	<u>502,102</u>	<u>2,898</u>	<u>5,179</u>	<u>38,706</u>	<u>27,235</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>524,979</u>	\$ <u>2,898</u>	\$ <u>5,179</u>	\$ <u>38,706</u>	\$ <u>27,235</u>

Special Revenue							
LOSST Reserve Fund	Economic Revolving Fund	Resource Enhancement and Protection	Recorder's Records Management	Recorder's Electronic Transactions	Rural Enterprise	Convenience Center Closure Fund	Solid Waste Fee
\$ 578,331	\$ 127,439	\$ 27,131	\$ 942	\$ 27	\$ 24,177	\$ 4,000	\$ 8,821
-	-	-	362	-	-	-	-
-	-	-	-	-	-	-	-
\$ <u>578,331</u>	\$ <u>127,439</u>	\$ <u>27,131</u>	\$ <u>1,304</u>	\$ <u>27</u>	\$ <u>24,177</u>	\$ <u>4,000</u>	\$ <u>8,821</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>578,331</u>	<u>127,439</u>	<u>27,131</u>	<u>1,304</u>	<u>27</u>	<u>24,177</u>	<u>4,000</u>	<u>8,821</u>
<u>578,331</u>	<u>127,439</u>	<u>27,131</u>	<u>1,304</u>	<u>27</u>	<u>24,177</u>	<u>4,000</u>	<u>8,821</u>
\$ <u>578,331</u>	\$ <u>127,439</u>	\$ <u>27,131</u>	\$ <u>1,304</u>	\$ <u>27</u>	\$ <u>24,177</u>	\$ <u>4,000</u>	\$ <u>8,821</u>

BREMER COUNTY, IOWA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue			Capital Projects	
	Drainage Districts	Conservation Land Acquisition	HHM Financial Assurance	Rolling Prairie Trail Fund	Total
<u>ASSETS</u>					
Cash and pooled investments	\$ 2,719	\$ 234,592	\$ 3,000	\$ 70,015	\$ 1,602,894
Receivables:					
Accounts	-	-	-	-	362
Due from other governments	-	-	-	-	77,297
TOTAL ASSETS	\$ 2,719	\$ 234,592	\$ 3,000	\$ 70,015	\$ 1,680,553
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 22,877
Total liabilities	-	-	-	-	22,877
<u>FUND BALANCES:</u>					
Restricted	2,719	234,592	3,000	70,015	1,657,676
Total fund balances	2,719	234,592	3,000	70,015	1,657,676
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,719	\$ 234,592	\$ 3,000	\$ 70,015	\$ 1,680,553

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue				
	<u>LOSST</u>	<u>Urban Renewal</u>	<u>Federal Drug Money</u>	<u>Tri County Drug Money</u>	<u>LOSST Sinking Fund</u>
REVENUES:					
Property and other County tax	\$ 838,622	\$ 177,932	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	3,000	-
Charges for service	-	-	-	-	-
Use of money and property	27,375	245	13	127	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>865,997</u>	<u>178,177</u>	<u>13</u>	<u>3,127</u>	<u>-</u>
EXPENDITURES:					
Operating:					
Public safety and legal services	-	-	78	15,900	-
County environment and education	-	-	-	-	-
Governmental services to residents	-	-	-	-	-
Debt service	-	177,312	-	-	288,823
Capital projects	426,291	-	-	-	-
Total expenditures	<u>426,291</u>	<u>177,312</u>	<u>78</u>	<u>15,900</u>	<u>288,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>439,706</u>	<u>865</u>	<u>(65)</u>	<u>(12,773)</u>	<u>(288,823)</u>
Other financing sources (uses):					
Transfers In	-	-	-	-	288,790
Transfers out	(1,338,790)	-	-	-	-
Total other financing sources (uses)	<u>(1,338,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,790</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(899,084)</u>	<u>865</u>	<u>(65)</u>	<u>(12,773)</u>	<u>(33)</u>
FUND BALANCES - Beginning of year	<u>1,401,186</u>	<u>2,033</u>	<u>5,244</u>	<u>51,479</u>	<u>27,268</u>
FUND BALANCES - End of year	<u>\$ 502,102</u>	<u>\$ 2,898</u>	<u>\$ 5,179</u>	<u>\$ 38,706</u>	<u>\$ 27,235</u>

Special Revenue						
LOSST Reserve Fund	Economic Revolving Fund	Resource Enhancement and Protection	Recorder's Records Management	Recorder's Electronic Transactions	Rural Enterprise	Convenience Center Closure Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	16,703	-	-	-	-
-	-	-	4,862	-	-	-
-	-	68	6	-	-	-
-	-	-	-	-	1,200	-
-	-	16,771	4,868	-	1,200	-
-	-	-	-	-	-	-
-	-	9,883	-	-	-	-
-	-	-	3,985	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	9,883	3,985	-	-	-
-	-	-	-	-	-	-
-	-	6,888	883	-	1,200	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,888	883	-	1,200	-
578,331	127,439	20,243	421	27	22,977	4,000
\$ 578,331	\$ 127,439	\$ 27,131	\$ 1,304	\$ 27	\$ 24,177	\$ 4,000

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Special Revenue</u>			
	<u>Solid Waste Fee</u>	<u>Drainage Districts</u>	<u>Conservation Land Acquisition</u>	<u>HHM Financial Assurance</u>
<u>REVENUES:</u>				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,362	-	-	-
Charges for service	-	-	-	-
Use of money and property	-	-	5,940	-
Miscellaneous	-	-	266	-
Total revenues	<u>1,362</u>	<u>-</u>	<u>6,206</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	60,920	-
Governmental services to residents	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>60,920</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,362</u>	<u>-</u>	<u>(54,714)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	43,400	-
Transfers out	<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,000)</u>	<u>-</u>	<u>43,400</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(6,638)</u>	<u>-</u>	<u>(11,314)</u>	<u>-</u>
<u>FUND BALANCES</u> - Beginning of year	<u>15,459</u>	<u>2,719</u>	<u>245,906</u>	<u>3,000</u>
<u>FUND BALANCES</u> - End of year	<u>\$ 8,821</u>	<u>\$ 2,719</u>	<u>\$ 234,592</u>	<u>\$ 3,000</u>

Capital Projects

<u>Rolling Prairie Trail Fund</u>	<u>Total</u>
\$ -	\$ 1,016,554
738,538	759,603
-	4,862
-	33,774
-	1,466
<u>738,538</u>	<u>1,816,259</u>
-	15,978
-	70,803
-	3,985
-	466,135
<u>821,048</u>	<u>1,247,339</u>
<u>821,048</u>	<u>1,804,240</u>
<u>(82,510)</u>	<u>12,019</u>
-	332,190
-	<u>(1,346,790)</u>
-	<u>(1,014,600)</u>
(82,510)	(1,002,581)
<u>152,525</u>	<u>2,660,257</u>
\$ <u>70,015</u>	\$ <u>1,657,676</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2011

	<u>County Offices</u>		<u>Agricultural</u>
	<u>County</u>	<u>County</u>	<u>Extension</u>
	<u>Auditor</u>	<u>Sheriff</u>	<u>Education</u>
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ 1,422
Other County officials	15,000	73,154	-
Receivables:			
Accounts	-	-	-
Property tax:			
Delinquent	-	-	1
Succeeding year	-	-	196,938
	<u>-</u>	<u>-</u>	<u>196,938</u>
TOTAL ASSETS	\$ <u>15,000</u>	\$ <u>73,154</u>	\$ <u>198,361</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	198,361
Trusts payable	15,000	73,154	-
Salaries and benefits payable	-	-	-
Compensated absences	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>15,000</u>	\$ <u>73,154</u>	\$ <u>198,361</u>

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ 361,401	\$ 94,741	\$ 6,913	\$ 57,277	\$ 2,290	\$ 7,434
-	-	-	-	-	-
-	-	-	-	-	-
1	93	6	82	3	-
<u>480,093</u>	<u>13,600,883</u>	<u>937,241</u>	<u>6,751,813</u>	<u>259,866</u>	<u>-</u>
\$ <u>841,495</u>	\$ <u>13,695,717</u>	\$ <u>944,160</u>	\$ <u>6,809,172</u>	\$ <u>262,159</u>	\$ <u>7,434</u>
\$ 131	\$ -	\$ -	\$ -	\$ -	\$ -
810,706	13,695,717	944,160	6,809,172	262,159	7,434
-	-	-	-	-	-
9,908	-	-	-	-	-
<u>20,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>841,495</u>	\$ <u>13,695,717</u>	\$ <u>944,160</u>	\$ <u>6,809,172</u>	\$ <u>262,159</u>	\$ <u>7,434</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

<u>ASSETS</u>	Auto License and <u>Use Tax</u>	<u>Other</u>	<u>Total</u>
Cash and pooled investments:			
County Treasurer	\$ 573,420	\$ 497,676	\$ 1,602,574
Other County officials	-	-	88,154
Receivables:			
Accounts	-	1,094	1,094
Property tax:			
Delinquent	-	-	186
Succeeding year	-	3,043	22,229,877
 TOTAL ASSETS	 \$ 573,420	 \$ 501,813	 \$ 23,921,885
 <u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 3,569	\$ 3,700
Due to other governments	573,420	492,309	23,793,438
Trusts payable	-	-	88,154
Salaries and benefits payable	-	2,069	11,977
Compensated absences	-	3,866	24,616
 TOTAL LIABILITIES	 \$ 573,420	 \$ 501,813	 \$ 23,921,885

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>		
	<u>County Recorder</u>	<u>County Auditor</u>	<u>County Sheriff</u>
Balances beginning of year	\$ -	\$ 15,000	\$ 29,819
Additions:			
Property and other County tax	-	-	-
E911 surcharge	-	-	-
State tax credits	-	-	-
Office fees and collections	413,010	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	397	462,988
Miscellaneous	-	-	44,373
Total additions	<u>413,010</u>	<u>397</u>	<u>507,361</u>
Deductions:			
Agency remittances:			
To other funds	304,832	-	44,080
To other governments	108,178	-	-
Trusts paid out	-	397	419,946
Total deductions	<u>413,010</u>	<u>397</u>	<u>464,026</u>
Balances end of year	\$ -	\$ 15,000	\$ 73,154

<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ <u>192,362</u>	\$ <u>763,641</u>	\$ <u>12,902,240</u>	\$ <u>930,462</u>	\$ <u>6,501,132</u>	\$ <u>260,311</u>	\$ <u>1,261</u>
194,704	474,750	13,450,276	926,524	8,564,671	259,388	-
-	-	-	-	-	-	-
6,447	15,415	427,862	30,552	221,567	8,976	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	108,556
-	-	-	-	-	-	-
-	3,346	-	-	-	-	-
<u>201,151</u>	<u>493,511</u>	<u>13,878,138</u>	<u>957,076</u>	<u>8,786,238</u>	<u>268,364</u>	<u>108,556</u>
-	-	-	-	-	-	-
195,152	415,657	13,084,661	943,378	8,478,198	266,516	102,383
-	-	-	-	-	-	-
<u>195,152</u>	<u>415,657</u>	<u>13,084,661</u>	<u>943,378</u>	<u>8,478,198</u>	<u>266,516</u>	<u>102,383</u>
\$ <u>198,361</u>	\$ <u>841,495</u>	\$ <u>13,695,717</u>	\$ <u>944,160</u>	\$ <u>6,809,172</u>	\$ <u>262,159</u>	\$ <u>7,434</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

<u>ASSETS AND LIABILITIES</u>	Auto License and Use Tax	Other	Total
Balances beginning of year	\$ <u>601,397</u>	\$ <u>494,224</u>	\$ <u>22,691,849</u>
Additions:			
Property and other County tax	-	126,208	23,996,521
E911 surcharge	-	112,531	112,531
State tax credits	-	85,103	795,922
Office fees and collections	-	54,301	467,311
Auto licenses, use tax and postage	6,939,052	-	6,939,052
Assessments	-	-	108,556
Trusts	-	-	463,385
Miscellaneous	-	2,523	50,242
Total additions	<u>6,939,052</u>	<u>380,666</u>	<u>32,933,520</u>
Deductions:			
Agency remittances:			
To other funds	-	20,658	369,570
To other governments	6,967,029	352,419	30,913,571
Trusts paid out	-	-	420,343
Total deductions	<u>6,967,029</u>	<u>373,077</u>	<u>31,703,484</u>
Balances end of year	\$ <u>573,420</u>	\$ <u>501,813</u>	\$ <u>23,921,885</u>

BREMER COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 7,543,539	\$ 7,932,721	\$ 7,718,448	\$ 7,268,278
Interest and penalty on property tax	51,494	49,598	45,661	47,639
Intergovernmental	5,576,557	5,338,817	5,553,202	4,582,053
Licenses and permits	249,392	310,690	288,404	247,059
Charges for service	654,575	633,558	661,815	901,004
Use of money and property	419,978	592,226	767,094	572,348
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	<u>293,070</u>	<u>493,904</u>	<u>319,345</u>	<u>324,838</u>
Total	\$ <u>14,788,605</u>	\$ <u>15,351,514</u>	\$ <u>15,353,969</u>	\$ <u>13,943,219</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	\$ 3,025,586	\$ 2,870,066	\$ 2,826,284	\$ 2,697,168
Physical health and social services	353,889	562,968	577,372	547,100
Mental health	2,106,996	2,005,729	2,219,420	1,992,300
County environment and education	1,265,032	1,108,565	1,656,288	1,313,002
Roads and transportation	4,275,762	3,709,169	3,430,498	3,432,671
Governmental services to residents	585,422	647,335	613,004	527,507
Administration	1,429,517	1,570,439	1,378,310	1,335,826
Non-program	29,410	74,016	170,654	-
Debt service	516,907	465,060	476,511	763,447
Capital projects	<u>1,291,301</u>	<u>624,698</u>	<u>519,651</u>	<u>1,469,981</u>
Total	\$ <u>14,879,822</u>	\$ <u>13,638,045</u>	\$ <u>13,867,992</u>	\$ <u>14,079,002</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 6,878,411	\$ 6,284,298	\$ 6,052,821	\$ 5,207,785	\$ 4,282,234	\$ 3,932,252
49,600	40,636	42,804	44,451	44,487	46,391
3,648,166	3,731,301	4,880,199	3,644,926	3,574,954	3,921,006
322,052	221,814	200,170	155,811	137,844	135,170
1,231,011	1,184,065	1,229,355	1,274,480	1,167,851	924,484
376,759	317,050	266,886	223,839	256,342	385,377
5,541	2,629	-	-	-	-
<u>453,176</u>	<u>366,393</u>	<u>298,883</u>	<u>373,885</u>	<u>210,365</u>	<u>120,897</u>
\$ <u>12,964,716</u>	\$ <u>12,148,186</u>	\$ <u>12,971,118</u>	\$ <u>10,925,177</u>	\$ <u>9,674,077</u>	\$ <u>9,465,577</u>
\$ 2,511,977	\$ 2,313,922	\$ 1,953,695	\$ 1,890,744	\$ 1,615,367	\$ 1,507,052
534,235	512,458	465,340	483,770	411,970	459,202
1,728,055	1,567,486	1,416,369	1,531,881	1,530,660	1,489,916
1,134,194	1,138,378	3,177,166	1,281,420	920,217	1,181,270
3,521,063	3,569,534	3,401,696	3,377,603	2,962,086	2,896,916
573,163	382,663	462,790	457,446	382,252	356,189
1,294,252	1,666,265	1,002,011	1,081,711	1,686,453	1,435,514
-	-	3,991	-	-	-
689,851	713,348	700,218	965,218	58,181	60,106
<u>338,574</u>	<u>1,168,136</u>	<u>3,001,102</u>	<u>1,994,118</u>	<u>533,767</u>	<u>708,084</u>
\$ <u>12,325,364</u>	\$ <u>13,032,190</u>	\$ <u>15,584,378</u>	\$ <u>13,063,911</u>	\$ <u>10,100,953</u>	\$ <u>10,094,249</u>

BREMER COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
<u>Expenditures of Federal Awards</u>			
<u>Indirect:</u>			
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Program	16.575	-	\$ <u>10,000</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-E-C009(30)-8J-09	<u>627,456</u>
Iowa Department of Public Safety:			
Traffic Safety Bureau:			
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 11-03, Task 0420	<u>9,272</u>
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	-	<u>14,244</u>
U.S. Department of Health and Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778	-	<u>14,196</u>
Children's Health Insurance Program	93.767	-	<u>71</u>
Social Services Block Grant	93.667	-	<u>68,791</u>
Title IV-E Foster Care	93.658	-	<u>6,053</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	-	<u>20</u>
Adoption Assistance	93.659	-	<u>1,471</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	<u>3,695</u>
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security:			
Emergency Management Performance Grants FY09	97.042	-	<u>5,591</u>
Emergency Management Performance Grants FY10	97.042	-	<u>28,963</u>
			<u>34,554</u>
			\$ <u>789,823</u>

BREMER COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bremer County, Iowa and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHERS MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the government activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 15, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bremer County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Bremer County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bremer County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 11-II-A and 11-II-B to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bremer County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bremer County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Bremer County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County, Iowa and other parties to whom Bremer County, Iowa may report including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bremer County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
February 15, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Bremer County, Iowa

Compliance

We have audited Bremer County, Iowa's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have direct and material effect on its major federal program for the year ended June 30, 2011. Bremer County, Iowa's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of Bremer County, Iowa's management. Our responsibility is to express an opinion on Bremer County, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing procedures; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bremer County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bremer County, Iowa's compliance with those requirements.

In our opinion, Bremer County, Iowa complied, in all material respects, with the requirements referred to above that could have direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control over Compliance

The management of Bremer County, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Bremer County, Iowa's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bremer County, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 11-III-A to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Bremer County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Bremer County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of management, County Officials, others within the entity and other parties to whom the County may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
February 15, 2012

BREMER COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results

- a. Unqualified opinions were issued on the financial statements.
- b. Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any noncompliance which is material to the financial statements.
- d. A material weakness in internal control over the major program was noted.
- e. An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g. Major program was as follows:

CFDA Number

20.205 Highway Planning and Construction

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. Bremer County, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

- 11-II-A Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County officials should review the operating procedures of each office to obtain the maximum internal control possible under the circumstances.

Response – We will review procedures and make changes to improve internal control as appropriate and possible.

Conclusion – Response accepted.

- 11-II-B Financial Reporting – Subsequent to the issuance of the financial statements for the year ended June 30, 2010, it was determined that the County had mistakenly omitted the cost report settlement liability in the proprietary fund. This item is discussed in Note 17 of the current year financial statements.

Recommendation – Procedures should be implemented to ensure that all liabilities are correctly reported in the future.

Response – We will do so.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

BREMER COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 20.205: Highway Planning and Construction
Pass-through Agency Number: STP-E-C0009(30)-8J-09
Federal Award Year: 2011
U.S. Department of Transportation
Passed through the Iowa Department of Transportation

- 11-III-A Segregation of Duties Over Federal Receipts and Disbursements – Bremer County, Iowa did not properly segregate collection, deposit and record-keeping for disbursements, including those related to federal programs. See item 11-II-A.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

- 11-IV-A Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- 11-IV-B Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 11-IV-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 11-IV-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Miller, Deputy Sheriff, Owner DLM Sales and Service	Supplies	\$ <u>91</u>
Dennis Harverkamp, Engineering, Contract Laborer	Cleaning	\$ <u>1,200</u>

In accordance with the Code of Iowa, the transactions with the two County employees do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

- 11-IV-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- 11-IV-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 11-IV-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 11-IV-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 11-IV-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.